Report of the Comprehensive Plan Update Committee
City of Stayton System Development Charges
April 19, 2012

Introduction

System Development Charges (SDC) are fees placed upon new development that reflect that development's proportionate share of capital improvements to the City's infrastructure that are needed to serve new development and growth in demand associated with new development. SDCs are authorized by Oregon Revised Statutes (ORS) 223.297-223.314 and Stayton Municipal Code Title 13, chapter 13.12 (both of which are attached as appendices to this report).

The City of Stayton currently collects fees to assist in the development of improvements to the water system, wastewater system, parks, and transportation system. State law and the Municipal Code also allow an SDC to be collected to finance improvements to the stormwater system and the City's adopted Stormwater Master Plan calls for one, but the City has not yet implemented a stormwater SDC.

There are generally two different types of SDCs – reimbursement fees and improvement fees. Reimbursement fees are collected to assist the City pay for improvements that have already been made to city systems, but which still have capacity for additional service. Improvement fees are for projects that are planned to expand the system but which have not been built.

Funds collected as a SDC may not be used to pay for operations or routine maintenance of capital improvements. Nor may they be used for improvements that address an existing deficiency. They may only be used to make capital improvements that are needed to expand capacity to accommodate new development.

For each of the City's major systems, the City has prepared and adopted Master Plans, in accordance with state law and Department of Land Conservation and Development administrative rules. The Transportation System Plan and the Parks and Recreation Master Plan were last updated in 2004. The Water and Wastewater Master Plans were adopted in 2006. The Stormwater Master Plan was adopted in 2009. As the various master plans approach 10 years old, the City should consider initiating a review and update to reflect changes in the systems and new assumptions about future growth. The City has applied for grants to update the Transportation Master Plan, but has not yet been successful.

Under Oregon's system of land use planning, the Master Plans are coordinated with the Comprehensive Plan. Within the framework for planning established by state law, the City and Marion County are supposed to work together to define an area needed to accommodate the projected growth of the City for a 20-year period. This area is known as the Urban Growth Boundary (UGB) and the City is responsible for planning the appropriate infrastructure to serve the complete build-out of the UGB. Each Master Plan contains an analysis of the individual system the plan addresses, noting the existing deficiencies and projections for improvements needed to accommodate projected growth. Each of the master plans contains a list of necessary capital improvements and cost estimates for those improvements.

When the SDCs are calculated for each system, an estimate is made regarding the percentage cost for each capital improvement that is needed to accommodate growth and the proportion to address an existing deficiency. The SDC is based solely on the portion of the capital improvements costs allocated to growth.

Stayton's SDCs were last updated in 2007, following the completion of the 2006 water and wastewater master plans. The Council resolutions establishing the fee schedule notes that the SDC should be adjusted annually to account for inflation. Because inflation has been so minimal, no adjustments have been made to the fees since 2007.

Transportation System Development Charge

With the adoption of the 2004 Transportation System Plan (TSP) and the revised cost estimates for the improvements to the transportation system, the transportation SDC increased from $1,926 to $2,512 per peak hour trip generated by a new building. The 2004 TSP established an estimate of $36.5 million needed in various roadway and bicycle and pedestrian improvements.

Highway systems are designed to accommodate the peak demand during the day, not average daily traffic. The TSP projects that the PM Peak Hour trips in the City will increase from 9,300 to 14,500 in 2025. New trips will account for 36% of the traffic in 2025. The SDC methodology notes that most of the improvements are needed to remediate existing problems and only 36% of the total cost was allocated toward growth, reflecting the TSP's estimate of the growth. There were a few projects for which a higher percentage is allocated to growth and one for which a lower percentage is allocated to growth.

Capital Improvements used to Calculate Charge

Table 1 presents the Capital Improvements Projects contained in the TSP and the allocation to growth for each project contained in the SDC methodology. The total cost on which the SDC calculation was based is $13.2 million.

Table 1. Transportation Capital Improvements Projects and Allocation to Growth

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
Roadway Improvements				
1	Highway 22 Joseph Street project--Highway 22 widening and reconstruction of Cascade Highway interchange	$51,500	36%	18,552
2	Cascade Highway/1st Avenue Widening from Highway 22 to Regis Street - widen to 5 lanes with sidewalks	1,545,000	36%	556,554
3	Widen Golf Club Road from Highway 22 to Shaff Road - widen to 5 lanes with sidewalks and signalize Golf Club Road-Wilco Road/Shaff Road intersection	4,120,000	36%	1,484,143
4	Construct "S" Curve Roundabouts	1,133,000	36%	408,139
5	Signalize Golf Club Road/Highway 22 EB Ramps and Install EB Right Turn Lane	257,500	36%	92,759
6	Signalize Golf Club Road/Mill Creek Rd	180,250	100%	180,250
7	Cascade Highway/Whitney Street signalization with EB and WB Left Turn Lanes and Realign Golf Lane	1,545,000	100%	1,545,000
8	Washington St/Ida Street/Wilco Road/Santiam Road Roundabout	956,000	100%	956,000
9	Fern Ridge Road	1,661,800	36%	598,628
10	Washington St./1st Avenue Intersection Improvements	445,800	36%	160,590
11	1st Avenue/Santiam Bridge to Water St. Reconstruction & Rehab.	209,800	36%	75,576
12	1st Avenue/Ida St. Intersection Improvements	445,800	36%	160,590
13	3rd Avenue/Washington St. Intersection Improvements	445,800	36%	160,590

Table 1. Transportation Capital Improvements Projects and Allocation to Growth cont.

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
14	1st Avenue/Hollister St. Intersection Improvements	304,200	36%	109,582
15	Improve 10th Street from Fern Ridge to E. Santiam	1,250,000	36%	450,286
16	Future Collector Streets	21,400,000	28%	5,992,000
Total roadway improvements		$35,951,450	36%	$12,949,239
Bicycle & Pedestrian Improvements				
1	Shaff Road--south side between Wilco Road and Gardner Street	$90,000	36%	32,421
2	Shaff Road--north side, east of Douglas Street	32,000	36%	11,527
3	Fern Ridge Road--north side, intermittent sections between 1st	81,000	36%	29,179
4	Washington Street--north side, east of Myrtle Avenue	33,000	36%	11,888
5	Washington Street--south side, from Wilco Road to Evergreen Avenue	148,000	36%	53,314
6	Ida Street--south side, intermittent sections between Noble Avenue and eastern city limits	89,000	36%	32,060
7	Santiam Street--both sides, intermittent sections between Highland Drive and eastern city limits	90,000	36%	32,421
8	Locust Street--north side, intermittent sections between Wilco Road and 1st Avenue	28,000	36%	10,086
Total bicycle & pedestrian		$591,000	36%	$212,895
Total		$36,542,450		$13,162,135

The 2004 TSP projected traffic for a twenty-year period, based on population growth with an average annual growth rate of 2%. Marion County has since adopted a forecast of population to 2030 and projected an average 1.6% annual increase within Stayton. The City of Stayton has used this projection in its Comprehensive Plan Update. The Update Committee believes a projected growth rate of 2% is too high and may have resulted in an unrealistic overestimation of the City's population in 2025 and therefore traffic levels at that time. If population and traffic estimates are too high, the models of how the street system will operate in the future will not be accurate, and the TSP may be calling for highway improvements that will not be necessary.

In addition to the slow-down in population growth from the projection used in the TSP, the other significant factor is the result of the 2007 Recession on employment levels in the City. Chapter 7 of the draft Comprehensive Plan indicates that approximately 1,000 jobs were lost within the City. This has the result of traffic levels decreasing in the City since time the TSP was prepared.

These two factors, slowed population growth and decline of economic activity during the past five years, make it likely that a number of projects that are included in CIP list will not be needed within the 20-year horizon on which SDCs should be based. The Update Committee believes that the projects listed in Table 2 below are not likely to be constructed during the next 20 years and could be removed from the CIP for purposes of calculating the SDC. There are two items in Table 2 in which only a portion of the estimated costs from Table 1 are included. These are items 3 and 16. Item 3 is the signalization of the Golf Club Road/Wilco Road/Shaff Road intersection and the widening of Golf Club Road between Highway 22 and Shaff Road to 5 lanes. The Update Committee believes while it is likely that the intersection signalization will occur, it is unlikely that traffic volumes on Golf Club Road will increase to the point that it is necessary for the entire length of the road to be widened to five

lanes. Based on cost estimates prepared in 2007 for the signalization of the intersection, Table 2 removes $1.03 million of cost for Golf Club Road widening. Item 16 is the construction of future collector streets throughout the Urban Growth Area. With a fresh assumption about the amount of growth to take place in the next twenty years, instead of looking at complete build-out of the UGA, Table 2 includes half of the amount for future collector streets.

Table 2. Transportation Projects not Likely to be Constructed before 2030, with Cost and Impact on SDC

#	Improvement Description	2005$	SDC for Project	Cumulative SDC
2	Cascade Highway/1st Avenue Widening from Highway 22 to Regis Street - widen to 5 lanes with sidewalks	556,554	106.23	106.23
3	Widen Golf Club Road from Highway 22 to Shaff Road - widen to 5 lanes with sidewalks and signalize Golf Club Road-Wilco Road/Shaff Road intersection	1,030,000	70.82	177.05
4	Construct "S" Curve Roundabouts	408,139	77.90	254.95
5	Signalize Golf Club Road/Highway 22 EB Ramps and Install EB Right Turn Lane	92,759	17.70	272.65
6	Signalize Golf Club Road/Mill Creek Rd	180,250	34.40	307.05
8	Washington St/Ida Street/Wilco Road/Santiam Road Roundabout	956,000	182.46	489.51
16	Future Collector Streets	2,996,000	571.82	1,061.33

If the seven projects listed in Table 2 were deleted from the CIP for purposes of calculating the Transportation SDC, the SDC would be reduced by $1,061 per PM Peak Hour trip, from the current $2,512 to $1,451. If removed from the SDC calculations, these projects, with updated cost estimates, should be reinserted when future conditions warrant.

Trip Generation Rate

In addition to changing the total dollar amount of the capital improvements on which the SDC is based, the 2007 amendments also made a change in the way the Transportation SDC is calculated. As mentioned above, highway planning is based on peak hour traffic levels. Therefore, the SDC is based on the amount of traffic a use is likely to generate during the weekday PM peak hour. If a use, such as a church, does not contribute much to the weekday afternoon traffic load, its impact on the street system, and therefore its SDC, will not be as significant as a use that does, such as a drive-through fast food restaurant, even if the two uses have the same average daily traffic.

There is a publication that compiles the results of traffic studies around the country, known as the *Traffic Generation Manual*. This is the standard reference that is used by transportation planners. It provides statistics on the amount of traffic likely to be generated by hundreds of different land uses. For most land uses, the *Manual* lists the number of studies used to generate the statistics, the range of trips in those studies and the average. The previous SDC schedule indicated that the SDC was based on the mid-point between the Low and the Average number of trips reported in the *Manual*. The 2007 amendments changed the methodology to use the Average number of trips. The methodology at that time noted that

> the number of trips used to assess the SDC for a single family house is currently 0.72 trips per PM peak-hour; it is the mid point between the low (0.42) and average (1.02) trips reported in the ITE manual, which is summarized in the Appendix. In the proposed change, the number to be used will be the average (1.02 trips), a 41.7 percent increase. This change, coupled with the 29.8 percent increase in the SDC rate for a single trip, results in an overall increase of 83.8 percent

(1.417 x 1.298 -1.0). Apartments incur the largest increase in the examples, because of the large increase from the current Low/Average and Average number of trips. Other uses that have a very small difference between the Low/Average and the Average incur a smaller increase, such as Senior Adult Housing and Recreational Community Center.

Which level of trip generation to use is a policy decision to be made by the City. The City Council may want to consider which level of trip generation is appropriate to use in Stayton.

Accounting for Completed Projects

Table 1 above includes several projects that the City has completed or will soon be completed and for which SDC Funds were expended. Table 3 presents three projects for which either have been completed or for which SDC funds have been expended since adoption of the current SDC schedule and the end of Fiscal Year 2011.

Table 3. Complete or Partially Complete Transportation Projects on which SDC Funds have been spent since 2007

#	Improvement Description	2005$	SDC for Project	Calculated SDC	Actual SDC Expenditure
1	Highway 22 Joseph Street project--Highway 22 widening and reconstruction of Cascade Highway interchange	$51,500	36%	18,552	$59,920
7	Cascade Highway/Whitney Street signalization with EB and WB Left Turn Lanes and Realign Golf Lane*	1,545,000	100%	1,545,000	$328,938
15	Improve 10th Street from Fern Ridge to E. Santiam**	1,250,000	36%	450,286	$203,475

* complete project includes relocation of Golf Lane to align with Whitney St; only signalization has been completed

** project not complete—additional SDC funds to be expended in FY 2012 and 2013

The City's complete contribution to the Highway 22 interchange project was charged to the SDC fund, instead of only 36% of the City's share of the costs.

As transportation projects are completed, the City should revise the SDC schedule to reflect the City's actual costs, rather than estimated costs.

Water System Development Charge

With the adoption of the 2006 Water Master Plan (WMP) and the revised cost estimates for the improvements to the water treatment and distribution system, the water SDC increased from $2,332 to $2,670 for a 3/4" inch meter. Unlike the transportation SDC, which is strictly an improvement fee, the water SDC includes both a reimbursement fee and an improvement fee. The reimbursement fee portion of the SDC was calculated based on an estimate of the depreciated value of the water system in 2006 and a comparison of the capacity of the system with the current usage to determine the percentage of the value of the existing system that is available for growth. The majority of recent water SDC expenditures has been used to the pay debt service on past improvements to the water system, $431,000 of $606,000 between FY2006 through FY2011. The improvement fee is based on the estimate of $19.7 million needed in various improvements to the water system called for in the 2006 WMP.

Capital Improvements used to Calculate Charge

Table 4 presents the Capital Improvements Projects contained in the WMP and the allocation to growth for each project contained in the SDC methodology. The total cost on which the SDC calculation was based is $12,807,214.

Table 4. Water System Capital Improvements Projects and Allocation to Growth

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
1	Pipeline Replacements and Upsizing	$2,222,000	41%	$911,020
2	Add Valves To Shaff Road	11,000	32%	3,520
3	Complete Leak Detection Study	25,000	0%	0
4	Meter Unmetered Facilities	68,000	0%	0
5	Repaint Interior & Exterior of Regis Tank	135,000	0%	0
6	Pine St. Booster Station	97,000	32%	31,040
7	Raw Water Intake Maintenance	24,400	0%	
8	Shallow Well Field	716,000	32%	229,120
9	Raw Water Weir Box Modifications	5,800	32%	1,856
10	Filter Turbidity meters	56,000	51%	28,560
11	Replace Filter # 3 Liner	542,000	0%	0
12	Soda Ash Feed Modifications	39,500	32%	12,640
13	On-site hypochlorite generation	220,000	51%	112,200
14	Clearwell Maintenance -- interior/exterior	94,000	0%	0
15	Finished Water Pumping Maintenance	6,700	0%	0
16	Plant Maintenance Shop / Entrance	359,000	62%	222,580
17	Plant Automation / Instrumentation	300,800	51%	153,408
18	Electrical Upgrade	116,000	0%	0
19	Emergency Power System	169,000	51%	86,190
20	Pipelines	1,695,000	0%	0
21	Replacement of Poor Water Services	418,000	0%	0
22	Secure Land for Tank/Well Site	150,000	100%	150,000
23	Regis Booster Station	182,000	62%	112,840
24	Install Radio-read Meter System	50,000	51%	25,500
25	Salem Inter-tie	58,000	62%	35,960
26	City Shop--50 % of total cost	410,000	62%	254,200
27	Individual Raw Water Flow Meters	72,000	51%	36,720
28	Security Upgrades	368,000	62%	228,160
29	Additional FW pump with VFD (200 hp)	170,000	100%	170,000
30	Additional Clearwell Capacity	510,000	100%	510,000
31	Abandon Schedule “M”	29,000	0%	0
32	Pine Street Add'l Capacity w/ VFDs	74,000	100%	74,000
33	Shallow Well Field Expansion	79,000	100%	79,000
34	Raw Water Weir Box Expansion	29,700	100%	29,700
35	Soda Ash System Expansion	29,000	100%	29,000
36	New Filter	750,000	100%	750,000
37	Fern Ridge Road	198,000	100%	198,000
38	16-inch Transmission Loop from Pine St.	779,000	100%	779,000
39	Abandon Regis Tank (2025)	42,000	0%	0
40	Construct New 5.0 MG Storage Reservoir	2,862,000	100%	2,862,000
41	3rd Avenue Future -- upsize cost	37,000	100%	37,000
42	Upsize Costs for Future Pipeline	990,000	62%	613,800
43	Shaff Road Pipeline	90,000	100%	90,000

Table 4. Water System Capital Improvements Projects and Allocation to Growth, cont.

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
44	Wilco Road Pipeline	132,000	100%	132,000
45	East Pine Street Small Booster	130,000	100%	130,000
46	Mill Creek Booster Station	427,000	100%	427,000
47	Construct Deep Well -- Backup Supply	1,333,000	100%	1,333,000
48	Replace 100-hp pump with 200-hp pump	115,000	100%	115,000
49	New Independent Intake Facility and Pipeline	2,250,000	62%	1,395,000
Total		$19,665,900		$12,807,214

The CIP table in the water SDC methodology report divides the cost of each project by different factors depending on when the project might be implemented and the cumulative increase in capacity. Some projects were planned for construction before 2015. Some projects are planned for between 2015 and 2025, and others for after 2025. Later projects have a larger increase in the system capacity associated with them and therefore a smaller individual SDC per dollar of cost than earlier projects. Table 5 presents the projects from Table 4 with costs allocated to growth and the SDC per gallon per day for each project.

Table 5. Water System Capital Improvements Projects Allocated to Growth and the Calculated SDC

#	Improvement Description	Allocation to Growth	Individual SDC	Cumulative SDC
1	Pipeline Replacements and Upsizing	$911,020	$0.169	$0.169
2	Add Valves to Shaff Road	3,520	0.003	0.172
6	Pine St. Booster Station	31,040	0.026	0.198
8	Shallow Well Field	229,120	0.192	0.390
9	Raw Water Weir Box Modifications	1,856	0.002	0.392
10	Filter Turbidity meters	28,560	0.009	0.401
12	Soda Ash Feed Modifications	12,640	0.011	0.412
13	On-site hypochlorite generation	112,200	0.034	0.446
16	Plant Maintenance Shop / Entrance	222,580	0.041	0.487
17	Plant Automation / Instrumentation	153,408	0.047	0.534
19	Emergency Power System	86,190	0.026	0.560
22	Secure Land for Tank/Well Site	150,000	0.028	0.588
23	Regis Booster Station	112,840	0.021	0.609
24	Install Radio-read Meter System	25,500	0.008	0.617
25	Salem Inter-tie	35,960	0.007	0.624
26	City Shop--50 % of total cost	254,200	0.047	0.671
27	Individual Raw Water Flow Meters	36,720	0.011	0.682
28	Security Upgrades	228,160	0.042	0.724
29	Additional FW pump with VFD (200 hp)	170,000	0.052	0.776
30	Additional Clearwell Capacity	510,000	0.095	0.871
32	Pine Street Add'l Capacity w/ VFDs	74,000	0.014	0.885
33	Shallow Well Field Expansion	79,000	0.024	0.909
34	Raw Water Weir Box Expansion	29,700	0.009	0.918
35	Soda Ash System Expansion	29,000	0.009	0.927
36	New Filter	750,000	0.139	1.066

Table 5. Water System Capital Improvements Projects Allocated to Growth and the Calculated SDC, cont.

#	Improvement Description	Allocation to Growth	Individual SDC	Cumulative SDC
37	Fern Ridge Road	198,000	0.037	1.103
38	16-inch Transmission Loop from Pine St.	779,000	0.145	1.248
40	Construct New 5.0 MG Storage Reservoir	2,862,000	0.532	1.780
41	3rd Avenue Future -- upsize cost	37,000	0.007	1.787
42	Upsize Costs for Future Pipeline	613,800	0.114	1.901
43	Shaff Road Pipeline	90,000	0.017	1.918
44	Wilco Road Pipeline	132,000	0.025	1.943
45	East Pine Street Small Booster	130,000	0.024	1.967
46	Mill Creek Booster Station	427,000	0.079	2.046
47	Construct Deep Well -- Backup Supply	1,333,000	0.248	2.294
48	Replace 100-hp pump with 200-hp pump	115,000	0.021	2.315
49	New Independent Intake Facility and Pipeline	1,395,000	0.259	2.574

The 2006 WMP projected water demand based on an average annual growth rate of 3.35%. Marion County has since adopted a forecast of population to 2030 and projected an average 1.6% annual increase within Stayton. The City of Stayton has used this projection in its Comprehensive Plan Update. The Update Committee believes a projected growth rate of 3.35% is too high and may have resulted in an unrealistic overestimation of the City's population in 2025 and therefore demand for water at that time. If population and water demand projections are too high, the models of how the water system will operate in the future will not be accurate, and the WMP may be calling for system improvements that may not be necessary.

In addition to the slow-down in population growth from the projection used in the WMP, the other significant factor is that the City's largest water consumer, Norpac Foods, has significantly reduced its water consumption in recent years. The plant accounts for over half of the city-wide water demand during its produce processing season and has substantially increased the efficiency of its processing. As a result, its water consumption has decreased by approximately one third.

These two factors, slowed population growth and reduction in industrial consumption, make it likely that a number of projects that are included in the CIP list will not be needed within the 20-year horizon on which SDCs should be based. The Update Committee believes that the projects listed in Table 6 below may not be likely to be constructed during the next 20 years and could be removed from the CIP for purposes of calculating the SDC.

Table 6. Water Projects not Likely to be Constructed before 2030, with Cost and Impact on SDC

#	Improvement Description	2005$	SDC for Project	Cumulative SDC
40	Construct New 5.0 MG Storage Reservoir	2,862,000	0.532	0.532
47	Construct Deep Well -- Backup Supply	1,333,000	0.248	0.780
49	New Independent Intake Facility and Pipeline	1,395,000	0.259	1.039

If the three projects listed in Table 6 were deleted from the CIP for purposes of calculating the Water SDC, the SDC would be reduced by $1.039 per gallon of consumption, from the current $2,670 to $1,631.

However it should be noted that a recalculation of the reimbursement fee portion of the SDC factoring in the decreased demand will result in an increase of the fee because the depreciated value of the water system will have increased and the excess capacity in the system will also have increased.

Accounting for Completed Projects

Table 5 above includes a number of projects that the City has completed and for which SDC Funds were expended. The City completed a series of improvements to the Water Treatment Plant in 2010 and a number of distribution system improvements have been made in recent years as well. The complexities of the City's bookkeeping system did not allow for the preparation of a table of completed projects and the SDC funds expended for this report. It will take longer to complete that task.

As water system improvement projects are completed, the City should revise the SDC schedule to reflect the City's actual costs, rather than estimated costs.

Wastewater System Development Charge

With the adoption of the 2006 Wastewater Master Plan (WWMP) and the revised cost estimates for the improvements to the wastewater treatment and distribution system, the wastewater SDC increased from $3,197 to $3,528 for a 3/4" inch water meter. Like the water SDC, the wastewater SDC includes both a reimbursement fee and an improvement fee. The reimbursement fee portion of the wastewater SDC was calculated based on an estimate of the depreciated value of the wastewater system in 2006 and a comparison of the capacity of the system with the current usage to determine the percentage of the value of the existing system that is available for growth. The majority of recent wastewater SDC expenditures has been used to pay debt service on past improvements to the wastewater system – $581,000 of $834,000 between FY2006 through FY2011. The improvement fee is based on the estimated of $23.4 million needed in various improvements to the wastewater system called for in the 2006 WWMP.

Capital Improvements used to Calculate Charge

Table 7 presents the Capital Improvements Projects contained in the WWMP and the allocation to growth for each project contained in the SDC methodology. The total cost on which the SDC calculation was based is $13,174,540.

Table 7. Wastewater System Capital Improvements Projects and Allocation to Growth

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
1.	Mill Creek Project	$4,482,000	0%	0
2	Wilco Electrical Upgrades	80,000	0%	0
3	Gardner wastewater Shed -- I/I Reduction	250,000	0%	0
4	Upgrades to Industrial LS	55,000	0%	0
5	Annual Pipeline Replacement	0	0%	0
6	UV Upgrades -- Phase 1 (3.4 MGD)	$200,000	48%	96,000
7	New Filter	750,000	100%	750,000
8	Solids handling Upgrades	350,000	48%	168,000
9	Headworks -- Backup Level Controls	10,000	48%	4,800
10	Batch Fill Basin	850,000	48%	408,000
11	Batch Reactor upgrades	290,000	48%	139,200
12	EQ Basin Improvements	140,000	48%	67,200
13	Plant Utility Water System	100,000	48%	48,000

Table 7. Wastewater System Capital Improvements Projects and Allocation to Growth, cont.

#	Improvement Description	2005$	Allocation to Growth %	Allocation to Growth $
14	Maintenance and Storage Building	350,000	48%	168,000
15	Maintenance Management Program	200,000	0%	0
16	Convert Oxidation Ditch to Aerated Sldg Strg	250,000	48%	120,000
17	Repair Liquid Sludge Transfer Pump	50,000	48%	24,000
18	Spare Parts: Stblztn/Dewtrg Sys	65,000	48%	31,200
19	Sludge Thickener	830,000	48%	398,400
20	Rehab Aerated Storage tank	100,000	48%	48,000
21	Upgrade wastewater Debris Cleaning area	30,000	0%	0
22	Extend River Outfall	500,000	48%	240,000
23	Gardner Road Interceptor	692,000	61%	422,120
24	Fern Ridge Interceptor	127,000	100%	127,000
25	24-inch Force Main Extension	535,000	100%	535,000
26	Purchase T.V. Equipment	400,000	48%	192,000
27	Add 3rd Pump to Mill Creek Lift Sta	100,000	100%	100,000
28	PW Facility -- 50% of Cost	552,800	48%	265,344
29	New Headworks Screens	270,000	100%	270,000
30	Parallel 2.0 MGD MBR Plant	5,900,000	100%	5,900,000
31	EQ Basin Upgrades	120,000	50%	60,000
32	Cover Existing UV Structure	100,000	48%	48,000
33	UV Upgrades -- Phase 2 (3.4 MGD)	200,000	100%	200,000
34	Purchase of 80 acres for Land Disposal	560,000	48%	268,800
35	Land Buffer around WWTP	200,000	100%	200,000
36	Ida-Evergreen Interceptor	1,455,000	48%	698,400
37	UV Upgrades -- Phase 3 (3.4 MGD)	200,000	100%	200,000
38	Class A Solids Drying System	2,035,000	48%	976,800
Total		$23,378,800		$13,174,540

The CIP table in the wastewater SDC methodology report divides the cost of each project by different factors depending on when the project might be implemented and the cumulative increase in capacity for the project. Most projects were planned for construction before 2015 and a many of them have been accomplished. The city is currently undertaking a major expansion of the wastewater treatment plant. Table 8 presents the projects from Table 7 with costs allocated to growth and the SDC per gallon per day for each project.

Table 8. Wastewater System Capital Improvements Projects Allocated to Growth and the Calculated SDC

#	Improvement Description	Allocation to Growth	Individual SDC	Cumulative SDC
6	UV Upgrades -- Phase 1 (3.4 MGD)	$96,000	0.0282	0.0282
7	New Filter	750,000	0.0949	0.1231
8	Solids handling Upgrades	168,000	0.0213	0.1444
9	Headworks -- Backup Level Controls	4,800	0.0006	0.1450
10	Batch Fill Basin	408,000	0.1360	0.2810
11	Batch Reactor upgrades	139,200	0.0464	0.3274

Table 8. Wastewater System Capital Improvements Projects Allocated to Growth and the Calculated SDC, cont.

#	Improvement Description	Allocation to Growth	Individual SDC	Cumulative SDC
12	EQ Basin Improvements	67,200	0.0224	0.3498
13	Plant Utility Water System	48,000	0.0160	0.3658
14	Maintenance and Storage Building	168,000	0.0560	0.4218
16	Convert Oxidation Ditch to Aerated Sldg Strg	120,000	0.0400	0.4618
17	Repair Liquid Sludge Transfer Pump	24,000	0.0080	0.4698
18	Spare Parts: Stblztn/Dewtrg Sys	31,200	0.0104	0.4802
19	Sludge Thickener	398,400	0.1328	0.6130
20	Rehab Aerated Storage tank	48,000	0.0160	0.6290
22	Extend River Outfall	240,000	0.0800	0.7090
23	Gardner Road Interceptor	422,120	0.0534	0.7624
24	Fern Ridge Interceptor	127,000	0.0161	0.7785
25	24-inch Force Main Extension	535,000	0.0677	0.8462
26	Purchase T.V. Equipment	192,000	0.0243	0.8705
27	Add 3rd Pump to Mill Creek Lift Sta	100,000	0.0127	0.8832
28	PW Facility -- 50% of Cost	265,344	0.0336	0.9168
29	New Headworks Screens	270,000	0.0342	0.9510
30	Parallel 2.0 MGD MBR Plant	5,900,000	2.9500	3.9010
31	EQ Basin Upgrades	60,000	0.0200	3.9210
32	Cover Existing UV Structure	48,000	0.0160	3.9370
33	UV Upgrades -- Phase 2 (3.4 MGD)	200,000	0.0588	3.9958
34	Purchase of 80 acres for Land Disposal	268,800	0.0896	4.0854
35	Land Buffer around WWTP	200,000	0.0667	4.1521
36	Ida-Evergreen Interceptor	698,400	0.2054	4.3575
37	UV Upgrades -- Phase 3 (3.4 MGD)	200,000	0.0588	4.4163
38	Class A Solids Drying System	976,800	0.1237	4.5400

The 2006 WWMP projected wastewater generation based on an average annual growth rate of 3.35%. Marion County has since adopted a forecast of population to 2030 and projected an average 1.6% annual increase within Stayton. The City of Stayton has used this projection in its Comprehensive Plan Update. The Update Committee believes a projected growth rate of 3.35% is too high and may have resulted in an unrealistic overestimation of the City's population in 2025 and therefore wastewater generation at that time. If population and wastewater generation projections are too high, the models of how the wastewater system will operate in the future will not be accurate, and the WWMP may be calling for system improvements that may not be necessary.

Unlike the water and transportation SDC a large majority of the improvement projects on the SDC capital improvements list were scheduled for relative quick implementation. Five projects, with a combined SDC allocation of $2,344,000 were scheduled for 2015 or later. City Staff believe that only two of the projects listed in Table 8 below are likely to not be constructed during the next 20 years and should not be included in the calculation of the SDC. If removed, these two projects represent nearly 3/4 of the current improvement fee.

Table 9. Wastewater Projects not Likely to be Constructed before 2030, with Cost and Impact on SDC

#	Improvement Description	2005$	SDC for Project	Cumulative SDC
30	Parallel 2.0 MGD MBR Plant	$5,900,000	2.9500	2.9500
34	Purchase of 80 acres for Land Disposal	268,800	0.0896	3.0396

The current construction project includes the Class A Sludge Drying System and therefore the purchase of additional land for land disposal of sludge will not be necessary. Once the current construction project is completed, a review the increased capacity of the treatment facility compared to revised population projections and wastewater flow projections should be made before any decision is made to remove the MBR Plant from the SDC schedule.

Accounting for Completed Projects

Based on the 2006 WWMP, the City has commenced substantial improvement to the wastewater treatment facility and has completed other smaller projects. The treatment facility improvements currently under construction are projected to be completed in the summer of 2012. The total cost for the project is estimated at approximately $13 million. The project encompasses many of the capital improvements included in Table 8. Once the project is complete, the city should revise the wastewater SDC calculation by including the value of the improved treatment facility in the reimbursement fee and removing the completed projects from the improvement fee.

In the review of the Wastewater SDC, it has been determined that incorrect information was used in calculating the current value of the City's wastewater collection and treatment facilities. An appendix to the Wastewater SDC Schedule includes the current value of the system based on the date of construction, construction cost, useful life and annual depreciation. A number of components of the system have incorrect construction dates assigned to them, and therefore an inaccurate deduction for depreciation since time of construction. Some components are older than listed and should be more fully depreciated, others are younger than listed and have been depreciated by too high a percentage of their original cost. The Finance Department and the Public Works Department should work together to assure that correct data is included in the City's schedule of fixed assets. When the Wastewater SDC is revised, correct dates should be used and depreciation adjusted accordingly.

Parks System Development Charge

Unlike the other SDCs, the Park SDC is collected only on new residential development. Each new dwelling unit pays the same SDC. The Park SDC is based on the adopted 2004 Park and Recreation Master Plan (PRMP). In 2007 the Park SDC increased from $1,062 per dwelling unit to $2,305. The Park SDC, includes only an improvement fee based on the PRMP's projection of needed park area as the City grows in population, and a finding that there was a shortage of park space in the City at the time the Plan was written.

Capital Improvements used to Calculate Charge

Table 10 presents the Capital Improvements Projects contained in the PRMP. The total cost for the improvements was estimated at $17,576,563. The 2007 SDC schedule allocated 50.7% of the costs for the parks improvements to growth. Further, the SDC schedule assumes that city will receive grants and donations and issue a general obligation bond to finance park improvements. The total cost on which the SDC calculation was based is $5,985,638.

Table 10. Park Improvements Projects

#	Improvement Description	Type of Park	Estimated Cost
1.	Golf Lane Park (proposed)	Community	$2,143,750
2.	Community Center Complex (existing)	Community	192,500
3.	Mehama Road Park (proposed)	Community	3,500,000
4.	Skateboard Area	Community	281,250
5.	Stayton Ditch Park (proposed)	Linear	2,987,500
6.	Salem Ditch Park (proposed)	Linear	3,564,750
7.	Lucas Ditch Park (proposed)	Linear	264,375
8.	Santiam Highway ROW (proposed)	Linear	1,955,000
9.	Westown Park (existing)	Mini	$51,250
10.	Fir Street Park (proposed)	Mini	421,875
11.	Northslope Park (existing)	Mini	133,000
12.	Northslope Park (proposed)	Mini	41,500
13.	Quail Run Park (existing)	Neighborhood	73,125
14.	Ida Street Park (proposed)	Neighborhood	816,250
15.	Santiam Park (undeveloped)	Neighborhood	147,938
16.	Neitling Property: (existing)	Neighborhood	400,000
17.	Pioneer Park: (existing)	Neighborhood	128,125
18.	Pine Street Park (proposed)	Neighborhood	412,500
19.	Mill Creek Greenway (proposed)	Open Space	21,875
20.	Wilderness Park (existing)	Open Space	0
21.	N. Santiam River Greenway	Open Space	0
22.	Santiam River Island	Open Space	40,000
			$17,576,563

The PRMP estimates the amount of new park space needed based on per person requirements and projections of the City's population. The PRMP assumed an average annual 3.6% growth in population and based the 2020 parks needs on a projected population of 13,827. Marion County has since adopted a forecast of population to 2030 and projected an average 1.6% annual increase within Stayton. The City of Stayton has used this projection in its Comprehensive Plan Update. The Update Committee believes a projected growth rate of 3.6% is too high and may have resulted in an unrealistic overestimation of the City's population in 2020 and therefore the need for park space at that time. The PRMP may be calling for park system improvements that may not be necessary.

Table 11 presents the standards in the PRMP for various types of parks, the additional park acreage needed in 2020 in the PRMP and the additional park acreage needed in 2020 using the lower

Table 11. Park Needs with Revised Population Projections

Type of Park	PRMP Standard	2000 Existing	PRMP Additional Need	Revised Additional Need
Community	3.45	7.65	40.05	26.08
Linear	7.88	0.00	108.96	77.04
Mini	0.29	1.80	2.21	1.04
Neighborhood	1.74	9.00	15.06	8.01
Open Space	15.26	106.00	105.00	43.20
Total		124.45	271.28	155.37

population estimate from the revised growth rates. Using the lower population results in a decrease of 116 acres of park land needed. It will not necessarily result in a similar decrease the SDC due to the number of projects that are improvements to existing parks.

Storm Water System Development Charge

The City Council adopted a Storm Water Master Plan (SWMP) in 2010. That plan includes a capital improvements plan calling for a total of $25,939,600 in new investment (in 2007 dollars). The plan recommends the establishment of an SDC to assist pay for some of the recommended capital improvements. However, the City has yet to establish a storm water SDC.

OREGON REVISED STATUTES, CHAPTER 223
SYSTEM DEVELOPMENT CHARGES

223.297 Policy. The purpose of ORS 223.297 to 223.314 is to provide a uniform framework for the imposition of system development charges by local governments, to provide equitable funding for orderly growth and development in Oregon's communities and to establish that the charges may be used only for capital improvements.

223.299 Definitions for ORS 223.297 to 223.314. As used in ORS 223.297 to 223.314:

(1) (a) "Capital improvement" means facilities or assets used for the following:

(A) Water supply, treatment and distribution;

(B) Waste water collection, transmission, treatment and disposal;

(C) Drainage and flood control;

(D) Transportation; or

(E) Parks and recreation.

(b) "Capital improvement" does not include costs of the operation or routine maintenance of capital improvements.

(2) "Improvement fee" means a fee for costs associated with capital improvements to be constructed.

(3) "Reimbursement fee" means a fee for costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists.

(4) (a) "System development charge" means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit, building permit or connection to the capital improvement. "System development charge" includes that portion of a sewer or water system connection charge that is greater than the amount necessary to reimburse the local government for its average cost of inspecting and installing connections with water and sewer facilities.

(b) "System development charge" does not include any fees assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed upon a land use decision, expedited land division or limited land use decision.

223.300 [Repealed]

223.301 Certain system development charges and methodologies prohibited.

(1) As used in this section, "employer" means any person who contracts to pay remuneration for, and secures the right to direct and control the services of, any person.

(2) A local government may not establish or impose a system development charge that requires an employer to pay a reimbursement fee or an improvement fee based on:

(a) The number of individuals hired by the employer after a specified date; or

(b) A methodology that assumes that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

(3) A methodology set forth in an ordinance or resolution that establishes an improvement fee or a reimbursement fee shall not include or incorporate any method or system under which the payment of the fee or the amount of the fee is determined by the number of employees of an employer without regard to new construction, new development or new use of an existing structure by the employer.

223.302 System development charges; use of revenues; review procedures.

(1) Local governments are authorized to establish system development charges, but the revenues produced therefrom must be expended only in accordance with ORS 223.297 to 223.314. If a local government expends revenues from system development charges in violation of the limitations described in ORS 223.307, the local government shall replace the misspent amount with moneys derived from sources other than system development charges. Replacement moneys must be deposited in a fund designated for the system development charge revenues not later than one year following a determination that the funds were misspent.

(2) Local governments shall adopt administrative review procedures by which any citizen or other interested person may challenge an expenditure of system development charge revenues. Such procedures shall provide that such a challenge must be filed within two years of the expenditure of the system development charge revenues. The decision of the local government shall be judicially reviewed only as provided in ORS 34.010 to 34.100.

(3) (a) A local government must advise a person who makes a written objection to the calculation of a system development charge of the right to petition for review pursuant to ORS 34.010 to 34.100.

(b) If a local government has adopted an administrative review procedure for objections to the calculation of a system development charge, the local government shall provide adequate notice regarding the procedure for review to a person who makes a written objection to the calculation of a system development charge.

223.304 Determination of amount of system development charges; methodology; credit allowed against charge; limitation of action contesting methodology for imposing charge; notification request.

(1) (a) Reimbursement fees must be established or modified by ordinance or resolution setting forth a methodology that is, when applicable, based on:

(A) Ratemaking principles employed to finance publicly owned capital improvements;

(B) Prior contributions by existing users;

(C) Gifts or grants from federal or state government or private persons;

(D) The value of unused capacity available to future system users or the cost of the existing facilities; and

(E) Other relevant factors identified by the local government imposing the fee.

(b) The methodology for establishing or modifying a reimbursement fee must:

(A) Promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.

(B) Be available for public inspection.

(2) Improvement fees must:

(a) Be established or modified by ordinance or resolution setting forth a methodology that is available for public inspection and demonstrates consideration of:

(A) The projected cost of the capital improvements identified in the plan and list adopted pursuant to ORS 223.309 that are needed to increase the capacity of the systems to which the fee is related; and

(B) The need for increased capacity in the system to which the fee is related that will be required to serve the demands placed on the system by future users.

(b) Be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.

(3) A local government may establish and impose a system development charge that is a combination of a reimbursement fee and an improvement fee, if the methodology demonstrates that the charge is not based on providing the same system capacity.

(4) The ordinance or resolution that establishes or modifies an improvement fee shall also provide for a credit against such fee for the construction of a qualified public improvement. A "qualified public improvement" means a capital improvement that is required as a condition of development approval, identified in the plan and list adopted pursuant to ORS 223.309 and either:

(a) Not located on or contiguous to property that is the subject of development approval; or

(b) Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

(5) (a) The credit provided for in subsection (4) of this section is only for the improvement fee charged for the type of improvement being constructed, and credit for qualified public improvements under subsection (4)(b) of this section may be granted only for the cost of that portion of such improvement that exceeds the local government's minimum standard facility size or capacity needed to serve the particular development project or property. The applicant shall have the burden of demonstrating that a particular improvement qualifies for credit under subsection (4)(b) of this section.

(b) A local government may deny the credit provided for in subsection (4) of this section if the local government demonstrates:

(A) That the application does not meet the requirements of subsection (4) of this section; or

(B) By reference to the list adopted pursuant to ORS 223.309, that the improvement for which credit is sought was not included in the plan and list adopted pursuant to ORS 223.309.

(c) When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project receiving development approval, the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project. This subsection does not prohibit a local government from providing a greater credit, or from establishing a system providing for the transferability of credits, or from providing a credit for a capital improvement not identified in the plan and list adopted pursuant to ORS 223.309, or from providing a share of the cost of such improvement by other means, if a local government so chooses.

(d) Credits must be used in the time specified in the ordinance but not later than 10 years from the date the credit is given.

(6) Any local government that proposes to establish or modify a system development charge shall maintain a list of persons who have made a written request for notification prior to adoption or amendment of a methodology for any system development charge.

(7) (a) Written notice must be mailed to persons on the list at least 90 days prior to the first hearing to establish or modify a system development charge, and the methodology supporting the system development charge must be available at least 60 days prior to the first hearing. The failure of a person on the list to receive a notice that was mailed does not invalidate the action of the local government. The local government may periodically delete names from the list, but at least 30 days prior to removing a name from the list shall notify the person whose name is to be deleted that a new written request for notification is required if the person wishes to remain on the notification list.

(b) Legal action intended to contest the methodology used for calculating a system development charge may not be filed after 60 days following adoption or modification of the system development charge ordinance or resolution by the local government. A person shall request judicial review of the methodology used for calculating a system development charge only as provided in ORS 34.010 to 34.100.

(8) A change in the amount of a reimbursement fee or an improvement fee is not a modification of the system development charge methodology if the change in amount is based on:

(a) A change in the cost of materials, labor or real property applied to projects or project capacity as set forth on the list adopted pursuant to ORS 223.309; or

(b) The periodic application of one or more specific cost indexes or other periodic data sources. A specific cost index or periodic data source must be:

(A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;

(B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and

(C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

223.305 [Repealed]

223.307 Authorized expenditure of system development charges.

(1) Reimbursement fees may be spent only on capital improvements associated with the systems for which the fees are assessed including expenditures relating to repayment of indebtedness.

(2) Improvement fees may be spent only on capacity increasing capital improvements, including expenditures relating to repayment of debt for such improvements. An increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of the improvements funded by improvement fees must be related to the need for increased capacity to provide service for future users.

(3) System development charges may not be expended for costs associated with the construction of administrative office facilities that are more than an incidental part of other capital

improvements or for the expenses of the operation or maintenance of the facilities constructed with system development charge revenues.

(4) Any capital improvement being funded wholly or in part with system development charge revenues must be included in the plan and list adopted by a local government pursuant to ORS 223.309.

(5) Notwithstanding subsections (1) and (2) of this section, system development charge revenues may be expended on the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.

223.309 Preparation of plan for capital improvements financed by system development charges; modification.

(1) Prior to the establishment of a system development charge by ordinance or resolution, a local government shall prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that the local government intends to fund, in whole or in part, with revenues from an improvement fee and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.

(2) A local government that has prepared a plan and the list described in subsection (1) of this section may modify the plan and list at any time. If a system development charge will be increased by a proposed modification of the list to include a capacity increasing capital improvement, as described in ORS 223.307 (2):

(a) The local government shall provide, at least 30 days prior to the adoption of the modification, notice of the proposed modification to the persons who have requested written notice under ORS 223.304 (6).

(b) The local government shall hold a public hearing if the local government receives a written request for a hearing on the proposed modification within seven days of the date the proposed modification is scheduled for adoption.

(c) Notwithstanding ORS 294.160, a public hearing is not required if the local government does not receive a written request for a hearing.

(d) The decision of a local government to increase the system development charge by modifying the list may be judicially reviewed only as provided in ORS 34.010 to 34.100.

223.310 [repealed]

223.311 Deposit of system development charge revenues; annual accounting.

(1) System development charge revenues must be deposited in accounts designated for such moneys. The local government shall provide an annual accounting, to be completed by January 1 of each year, for system development charges showing the total amount of system development charge revenues collected for each system and the projects that were funded in the previous fiscal year.

(2) The local government shall include in the annual accounting:

(a) A list of the amount spent on each project funded, in whole or in part, with system development charge revenues; and

(b) The amount of revenue collected by the local government from system development charges and attributed to the costs of complying with the provisions of ORS 223.297 to 223.314, as described in ORS 223.307.

223.312 [repealed]

223.313 Application of ORS 223.297 to 223.314.

(1) ORS 223.297 to 223.314 shall apply only to system development charges in effect on or after July 1, 1991.

(2) The provisions of ORS 223.297 to 223.314 shall not be applicable if they are construed to impair bond obligations for which system development charges have been pledged or to impair the ability of local governments to issue new bonds or other financing as provided by law for improvements allowed under ORS 223.297 to 223.314.

223.314 Establishment or modification of system development charge not a land use decision.

The establishment, modification or implementation of a system development charge, or a plan or list adopted pursuant to ORS 223.309, or any modification of a plan or list, is not a land use decision pursuant to ORS chapters 195 and 197.

STAYTON MUNICIPAL CODE, TITLE 13
CHAPTER 13.12 SYSTEMS DEVELOPMENT CHARGE

13.12.205 DEFINITIONS

The following words and phrases, as used in Chapter 13.12 of the Stayton Municipal Code, have the following definitions and meanings:

1. **CAPITAL IMPROVEMENT(S)**: Public facilities or assets used for any of the following:
   a. Water supply, treatment, and distribution;
   b. Sanitary sewers, including collection, transmission, and treatment;
   c. Storm sewers, including drainage and flood control;
   d. Transportation, including but not limited to streets, sidewalks, bike lanes and paths, street lights, traffic signs and signals, street trees, public transportation, vehicle parking, and bridges; or
   e. Parks and recreation, including but not limited to mini-neighborhood parks, neighborhood parks, community parks, public open spaces and trail systems, buildings, courts, fields, and other like facilities.
2. **DEVELOPMENT**: As used in sections 13.12.210 through 13.12.245, means constructing or enlarging a building or adding facilities or making a physical change in the use of a structure or land which increases the usage of any capital improvements or which will contribute to the need for additional or enlarged capital improvements.
3. **PUBLIC IMPROVEMENT CHARGE**: A fee for costs associated with capital improvements to be constructed after July 3, 1991. "Public improvement charge" shall have the same meaning as the term "improvement fee" as defined in ORS 223.299(2). (Ord. 874, section 44, 2004)
4. **QUALIFIED PUBLIC IMPROVEMENTS**: A capital improvement that is required as a condition of development approval and is identified in the plan adopted pursuant to subsection 13.12.230.1. However, it does not include improvements sized or established to meet only the demands created by a development.
5. **REIMBURSEMENT FEE**: A fee for costs associated with capital improvements constructed or under construction on the date the fee is adopted pursuant to section 13.12.220.
6. **SYSTEM DEVELOPMENT CHARGE**: A reimbursement fee, a public improvement charge, or a combination thereof, assessed or collected at any of the times specified in section 13.12.235. It shall not include connection or hook-up fees for sanitary sewers, storm drains, or water lines, since such fees are designed by the city only to reimburse the city for the costs for such connections. Nor shall the system development charge include costs for capital improvements which by city policy and state statute are paid for by assessments or fees in lieu of assessments for projects of special benefit to a property.

13.12.210 PURPOSE

The purpose of the system development charge (SDC) is to impose an equitable share of the public costs of capital improvements upon those developments that create the need for or increase the demands on capital improvements.

13.12.215 SCOPE

The system development charge imposed by Chapter 13.12 of the Stayton Municipal Code is separate from and in addition to any applicable tax, assessment, charge, fee in lieu of assessment, or fee otherwise provided by law or imposed as a condition of development. A systems development charge is to be considered in the nature of a charge for services rendered or facilities

made available, or a charge for future services to be rendered or facilities to be made available in the future.

13.12.220 SYSTEMS DEVELOPMENT CHARGE ESTABLISHED

1. Unless otherwise exempted by the provisions of this chapter or other local or state law, a systems development charge is hereby imposed upon all development within the city, and all development outside the boundary of the city that connects to or otherwise uses the sanitary sewer system, storm drainage system, or water system of the city. The city administrator is authorized to make interpretations of this section, subject to appeal to the city council.
2. System development charges for each type of capital improvement may be created through application of the methodologies described in section 13.12.225 of this code. The amounts of each system development charge shall be adopted initially by council resolution. Changes in the amounts shall be adopted by resolution following a public hearing.

13.12.225 METHODOLOGY

1. The methodology used to establish a reimbursement fee shall consider the cost of then-existing facilities, prior constructions by then-existing users, the value of unused capacity, rate-making principles employed to finance publicly-owned capital improvements, and other relevant factors. The methodology shall promote the objective that future systems users shall contribute an equitable share of the cost of then-existing facilities.
2. The methodology used to establish the public improvement charge shall consider the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related and shall provide for a credit against the public improvement charge for the construction of any qualified public improvement.
3. The methodology shall also provide for a credit as authorized in subsection 13.12.250.
4. Except when authorized in the methodology adopted under subsection 13.12.225.1, the fees required by this code which are assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed by a land use decision are separate from and in addition to the systems development charge and shall not be used as a credit against such charge.
5. The methodologies used to establish the systems development charge shall be adopted by resolution of the city council. The specific systems development charge may be adopted and amended concurrent with the establishment or revision of the systems development charge methodology. The city administrator shall review the methodologies established under this section every three (3) years and shall recommend amendments, if and as needed, to the city council for its action.
6. The formulas and calculations used to compute specific system development charges are based upon averages and typical conditions. Whenever the impact of individual developments present special or unique situations such that the calculated fee is grossly disproportionate to the actual impact of the development, alternative fee calculations may be approved or required by the city administrator under administrative procedures prescribed by the city council. All data submitted to support alternate calculations under this provision shall be site specific. Major or unique developments may require special analyses to determine alternatives to the standard methodology.
7. When an appeal is filed challenging the methodology adopted by the city council, the city administrator shall prepare a written report and recommendation within twenty (20) working days of receipt for presentation to the council at its next regular meeting. The council shall, by resolution, approve, modify, or reject the report and recommendation of the city administrator, or it may adopt a revised methodology by resolution, if required. Any legal

action contesting the city council's decision in the appeal shall be filed within sixth (60) days of the council's decision.

13.12.230 COMPLIANCE WITH STATE LAW

1. The revenues received from the systems development charges shall be budgeted and expended as provided by state law. Such revenues and expenditures shall be accounted for as required by state law. Their reporting shall be included in the city's annual financial report required by ORS Chapter 294.
2. The capital improvement plan required by state law as the basis for expending the public improvement charge component of systems development charge revenues shall be the Stayton Master Utilities Plan and amendments enacted by the Stayton City Council.

13.12.235 COLLECTION OF CHARGE

1. The systems development charge is payable upon, and as a condition of, issuance of:
   a. A building or plumbing permit for a development; or
   b. A permit for a development not requiring the issuance of a building permit; or
   c. A permit or other authorization to connect to the water or sanitary sewer systems.
2. If development is commenced or connection is made to the water system or the sanitary sewer system without an appropriate permit, the systems development charge is immediately payable upon the earliest date that a permit was required, and it will be unlawful for anyone to continue with the construction or use constituting a development until the charge has been paid or payment secured to the satisfaction of the city administrator.
3. Any and all persons causing a development or making application for the needed permit, or otherwise responsible for the development, are jointly and severally obligated to pay the charge, and the city administrator may collect the said charge from any of them. The city administrator or his/her designee shall not issue any permit or allow connections described in subsection 13.12.235.1 until the charge has been paid in full or until an adequate secured arrangement for its payment has been made, within the limits prescribed by resolution of the city council.
4. A systems development charge shall be paid in cash when due, or in lieu thereof the city administrator may accept the delivery of a written agreement to pay if the written agreement is secured by collateral satisfactory to the city administrator or his/her designee. The collateral may consist of mortgage or trust deeds of real property, or an agreement secured by surety bond issued by a corporation licensed by a state law to give such undertakings, or by cash deposit, letter of credit, or other like security acceptable to the city administrator.
5. A person may apply to pay the systems development charge in installments to the extent provided by state law.

13.12.240 EXEMPTIONS

The following developments are exempt from all of the systems development charges imposed in section 13.12.220:

1. Any development for which a water or sewer systems development charge was paid prior to the date of the adoption of this ordinance. (Ord. 843, October 2002)

13.12.245 CREDITS

1. When development occurs that gives rise to a systems development charge under section 13.12.220 of this chapter, the systems development charge for the existing use shall be calculated and if it is less than the system development charge for the proposed use, the difference between the system development charge for the existing use and the system

development charge for the proposed use shall be the system development charge required under section 13.12.220. If the change in use results in the systems development charge for the proposed use being less than the system development charge for the existing use, no systems development charge shall be required; however, no refund or credit shall be given.

2. The limitations on the use of credits contained in this subsection shall not apply when credits are otherwise given under Section 13.12.250. A credit shall be given for the cost of a qualified public improvement associated with a development. If a qualified public improvement is located partially on and partially off the parcel of land that is the subject of the approval, the credit shall be given only for the cost of the portion of the improvement not attributable wholly to the development. The credit provided for by this subsection shall be only for the public improvement charge charged for the type of improvement being constructed and shall not exceed the public improvement charge even if the cost of the capital improvement exceeds the applicable public improvement charge.
3. Applying the methodology adopted by resolution, the city administrator shall grant a credit against the public improvement charge, the reimbursement fee, or both, for a capital improvement constructed as part of the development that reduces the development's demand upon existing capital improvements or the need for future capital improvements or that would otherwise have to be provided at city expense under then-existing council policies.
4. In situations where the amount of credit exceeds the amount of the system development charge, the excess credit is not transferable to another development.
5. Credit shall not be transferable from one type of capital improvement to another.

13.12.250 APPEAL PROCEDURES

1. As used in this section, "working day" means a day when the general offices of the city are open to transact business with the public.
2. A person aggrieved by a decision required or permitted to be made by the city administrator or his/her designee under section 13.12.205 through 13.12.245 or a person challenging the propriety of an expenditure of systems development charge revenues may appeal the decision or expenditure by filing a written request with the city administrator for consideration by the city council. Such appeal shall describe with particularity the decision or the expenditure from which the person appeals and shall comply with subsection 4. of this section.
3. An appeal of an expenditure must be filed within two (2) years of the date of alleged improper expenditure. Appeals of any other decision must be filed within ten (10) working days of the date of the decision.
4. The appeal shall state:
   a. The name and address of the appellant;
   b. The nature of the determination being appealed;
   c. The reason the determination is incorrect; and
   d. What the correct determination should be.

   An appellant who fails to file such a statement within the time permitted waives his/her objections and his/her appeal shall be dismissed.
5. Unless the appellant and the city agree to a longer period, an appeal shall be heard within thirty (30) days of the receipt of the written appeal. At least ten (10) working days prior to the hearing, the city shall mail notice of the time and location thereof to the appellant.
6. The city council shall hear and determine the appeal on the basis of the appellant's written statement and any additional evidence he/she deems appropriate. At the hearing, the

appellant may present testimony and oral argument personally or by counsel. The city may present written or oral testimony at this same hearing. The rules of evidence as used by courts of law do not apply.

7. The appellant shall carry the burden of proving that the determination being appealed is incorrect and what the correct determination should be.

8. The city council shall render its decision within fifteen (15) days after the hearing date and the decision of the council shall be final. The decision shall be in writing, but written findings shall not be made or required unless the council in its discretion elects to make findings for precedential purposes. Any legal action contesting the council's decision on the appeal shall be filed within sixty (60) days of the council's decision.

13.12.255 PROHIBITED CONNECTION

After the effective date of this chapter, no person may connect any premises for service, or cause the same to be connected, to any sanitary sewer or water system of the city unless the appropriate systems development charge has been paid or payment has been secured as provided in this chapter.

13.12.260 ENFORCEMENT

Any service connected to the city water or sewer system after the effective date of this chapter for which the fee due hereunder has not been paid as required or an adequate secured arrangement for its payment has been made is subject to termination of service under the city's utility disconnect policy. (Ord. 691, 1991)